

Investment Committee Meeting

Held at the Office of the Policemen's Annuity and Benefit Fund of Chicago (the Fund)

Held on April 22, 2019

Presiding:	Trustee and Investment Committee Chair: Mr. Thomas Beyna
Present:	Trustees: Ms. Samantha Fields, Ms. Carol Hamburger, Mr. Michael Lappe, and Mr. Edward Wodnicki
Not Present:	Trustees: Ms. Carole Brown, Mr. Kurt Summers Jr., and Mr. Brian Wright
Fund Office:	Mr. Kenneth Kaczmarz, Interim Executive Director, and Ms. Caroline Vullmahn, Comptroller
NEPC, LLC	Mr. Kevin Leonard, Partner, and Ms. DeAnna Jones, Senior Analyst
Others	Ms. Rosemarie Giambalvo, Funds Annuitant member

President Beyna called the meeting to order at approximately 9:00 a.m.

I. Cash Flow Update

Ms. Caroline Vullmahn, Comptroller of the Policemen's Annuity and Benefit Fund of Chicago (PABF or the Fund), began her presentation regarding the Fund's cash flow. Ms. Vullmahn provided the Committee members a PABF Cash Flow worksheet which was distributed and shows the Fund's cash balances, expected benefit payments, other expenses for the month, and the projected cash on hand as of April 30, 2019. Ms. Vullmahn indicated that at the end of the month, the cash balance is anticipated to be approximately \$257.8 million. Ms. Vullmahn also indicated that the Fund has pending Capital Calls totaling \$110 million that might reduce the available cash over the next several months.

Ms. Vullmahn explained the details pertaining to the Tax Receipts information provided on the Cash flow worksheet. Ms. Vullmahn indicated the amounts attributable from the receipts for each individual Levy and Payment year along with information on the amounts received through the Fund's ability to "Intercept" funds directly from the State of Illinois Comptroller's Office for outstanding balances on each year's Levy.

II. Performance Discussion

Ms. DeAnna Jones and Mr. Kevin Leonard of NEPC briefly reviewed the unaudited monthly Performance Flash provided by the Fund's Master Custodian, The Northern Trust Bank at month end March 31, 2019. For the month the Fund returned a positive 0.75% slightly lower than the Fund's policy benchmark return of 0.85% for the same time period. Year to date for the three months ended March 31, 2019 indicates a positive return of 7.34% ahead of the Policy benchmark return of 6.89%. Ms. Jones indicated that NEPC will provide its formal 1st Quarter 2019 performance report at the Fund's scheduled Investment Committee meeting of May 28, 2019. It was noted that the report included performance statistics "gross" of fees. Performance statistics "net" of fees was not available at the time of the report.

III. Non-U.S. Equity Review Portfolio Review

Mr. Kevin Leonard and Ms. DeAnna Jones of NEPC reviewed materials, previously prepared and distributed, to review and evaluate the structural components of the Fund's International Equity Portfolio at December 31, 2018. The review will examine the underlying Capitalization, Geographic and Style characteristics of this section of the portfolio. The review will also determine if any changes to the Portfolio or the underlying benchmarks may be warranted. .

The prepared materials begin with several graphs which indicate the size of the Non U.S. Equity component as 24% of the Fund's total portfolio and that the developed component, at 17% of the total portfolio was 2% greater than the targeted allocation of 15% and that the Emerging percentage of 7% of the total portfolio was 1% greater than its target allocation of 6%.

Mr. Leonard then discussed the three appropriate benchmarks used to compare performance of the International portfolios:

MSCI ACWI ex USA is used for 3 portfolios, Artisan, UBS, and William Blair representing \$305 Million or 54% of the International component

MSCI EAFE which captures smaller cap securities, is utilized for the Acadian portfolio representing \$105 million or 19% of the International component.

MSCI Emerging Markets Index captures the developing nations and is utilized for two portfolios, Earnest Partners and Lazard representing \$151 million or 27% of the International component.

Ms. Jones and Mr. Leonard reviewed the performance of each portfolio as of December 31, 2018. The comments on each portfolio and the materials provided indicate that returns for each manager in the International component are exceeding the assigned benchmarks across the time periods presented.

Mr. Leonard also provided an analysis of the Active Management fees associated with each portfolio and a comparison to an average of fees drawn from NEPC's international data base and indicates that the Fund is paying less than the average fees on 5 of 6 International portfolios, and 1 bp higher than the average on the 6th.

Ms. Jones and Mr. Leonard summarized by indicating that no changes to the International Component are warranted at this time.

IV. Miscellaneous

A motion was made by Trustee Hamburger , seconded by Trustee Lappe to go into executive session under 2 (c) (7)

ROLL CALL

For: Beyna, Fields, Hamburger, Lappe, and Wodnicki, (5)
Against: None (0)
Absent Brown, Summers and Wright (3)

Upon Completion of the Executive Session;

A motion was made by Trustee Lappe, seconded by Trustee Hamburger to come out of Executive Session

ROLL CALL

For: Beyna, Fields, Hamburger, Lappe, and Wodnicki, (5)
Against: None (0)
Absent Brown, Summers and Wright (3)

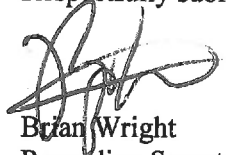
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A motion was then made by Trustee Hamburger seconded by Trustee Lappe to adjourn the Investment Committee meeting

ROLL CALL

For: Beyna, Fields, Hamburger, Lappe, and Wodnicki, (5)
Against: None (0)
Absent: Brown, Summers and Wright (3)

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Brian Wright', with a stylized flourish at the end.

Brian Wright
Recording Secretary of the Board of Trustees
Investment Committee Member